## **Introduced by Senator Kuehl**

February 22, 2005

An act to amend Section 2207, 2715, 2761, and 2763 of, to add Section 2731.5 to, and to repeal and add Section 2731 of, the Public Resources Code, and to amend Section 10295.5 of, and to repeal and add Section 20676 of, the Public Contracts Code, relating to mining.

## LEGISLATIVE COUNSEL'S DIGEST

SB 668, as introduced, Kuehl. Mining.

(1) Existing law requires the owner, lessor, lessee, agent, manager, or other person in charge of a mining operation to annually submit certain information in a report to the Director of Conservation, and to submit specified reporting fees to the State Mining and Geology Board. Existing law defines the term "mining operation" for purposes of these requirements, as a surface mine.

This bill would revise the definition of "mining operation" for purposes of these requirements to include any mining operation, including, but not limited to, a mining operation that is classified as a surface mine, and would impose those requirements upon the owner or operator of, or the owner of a mineral interest, as defined, in such a mining operation.

The bill would additionally require the report to include a written acknowledgment that the owner is aware of, and approves of, any reclamation plan the operator of the mining operation on the property has proposed for or has obtained approval of, for the property, as specified.

(2) Existing law, the Surface Mining and Reclamation Act of 1975, governs surface mining operations and reclamation of mined lands. The act prohibits a person from conducting surface mining operations without obtaining a permit from the lead agency for those operations,

 $SB 668 \qquad \qquad -2-$ 

and submitting and receiving approval for a reclamation plan and financial assurances from the lead agency. Existing law defines the term "operator" for purpose of that act. The act provides that it does not limit, among other things, the power of any city or county to regulate the use of buildings, structures, and land as between industry, business, residences, open space and other purposes.

This bill would revise the definition of the term "operator" and would additionally define the term "owner" for purpose of the act. The bill would provide that the exemption of the act upon a city or county's power does not apply to land designated as an area of regional significance or an area of statewide significance, as defined.

(3) The act requires the State Geologist to classify certain areas identified by the Office of Planning and Research, as areas containing little or no mineral deposits, or significant mineral deposits, or requiring further evaluation.

This bill would instead require the State Geologist to classify those areas that do not require further evaluation as an area that contains deposits of minerals and that is not of regional or statewide significance, or an area that contains mineral deposits and that is either of regional or statewide significance.

(4) Existing law requires a lead agency, before permitting a use that would threaten the potential to extract minerals in specified areas, to prepare a specified statement if the area is designated by the State Mining and Geology Board as an area of regional or statewide significance, and the lead agency either has designated that area in its general plan as having important minerals or otherwise has not yet acted, as specified.

This bill would additionally prohibit a city or county, in any area designated by the State Geologist or the board as an area that contains mineral deposits and is an area of regional or statewide significance, in either its general plan, or in its resource management plan, to allow the area to be used for, or permit a use, that is inconsistent with the exploitation or development of that area for mineral excavation and production, until commercial production of the area so designated is completed. The bill would allow the city or county to permit part of the area to be utilized for a use not involving mineral exploitation or development, under specified circumstances.

(5) Existing law requires the Department of Conservation, for purposes of complying with certain provisions regarding public contracts, to publish or otherwise make available, upon request, to the

-3- SB 668

Department of General Services or a state agency, a list identifying certain surface mining operations. Existing law prohibits an operator of surface mines in this state, whose operations are not identified in that list, from selling California mined material to a local agency.

This bill would instead prohibit a contractor or a mining operator from selling any minerals to a local agency unless the contractor or mining operator certifies, under penalty of perjury, that the minerals are from a mining operation identified in the list.

Since this certification would be under penalty or perjury, the bill would impose a state-mandated local program by creating a new crime.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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The people of the State of California do enact as follows:

- SECTION 1. Section 2207 of the Public Resources Code is amended to read:
  - 2207. (a) The owner, lessor, lessee, agent, manager, or other person in charge of any mining operation of whatever kind or character or the operator of a mining operation within the state, or the owner of a mineral interest in a mining operation within the state, shall forward to the director annually not later than a date established by the director, upon forms furnished approved by the board from time to time, a report, subject to subdivision (i), that identifies all of the following:
- (1) The name, address, and telephone number of the person,
  company, or other owner of the mining operation.
  (2) The name, address, and telephone number of a designated
  - (2) The name, address, and telephone number of a designated agent who resides in this state, and who will receive and accept service of all orders, notices, and processes of the lead agency, board, director, or court.
- 17 (3) The location of the mining operation, its name, its mine 18 number as issued by the Bureau of Mines or the director, its

SB 668 —4—

section, township, range, latitude, longitude, and approximate
 boundaries of the mining operation marked on a United States
 Geological Survey 7 ½-minute or 15-minute quadrangle map.

(4) The lead agency.

- (5) The approval date of the mining operation's reclamation plan.
- (6) The mining operation's status as active, idle, reclaimed, or in the process of being reclaimed.
- (7) The commodities produced by the mine and the type of mining operation.
  - (8) Proof of annual inspection by the lead agency.
  - (9) Proof of financial assurances.
- (10) Ownership of the property, including government agencies, if applicable, by the assessor's parcel number, and total assessed value of the mining operation.
- (11) The approximate permitted size of the mining operation subject to Chapter 9 (commencing with Section 2710), in acres.
- (12) The approximate total acreage of land newly disturbed by the mining operation during the previous calendar year.
- (13) The approximate total of disturbed acreage reclaimed during the previous calendar year.
- (14) The approximate total unreclaimed disturbed acreage remaining as of the end of the calendar year.
- (15) The total production for each mineral commodity produced during the previous year.
- (16) A copy of any approved reclamation plan and any amendments or conditions of approval to any existing reclamation plan approved by the lead agency.
- (17) A written acknowledgment by the owner of the fee on which the mining operation is located, and the owner of the mineral interest in the property, if other than the fee owner or operator, that the owner is aware of, and approves of, any reclamation plan the operator of the mining operation on the property has proposed for, or has obtained approval of, for the property, and agrees that if the operator defaults under its reclamation obligations of that reclamation plan, the owner is subject to both of the following:
- 38 (A) The owner is responsible for completing reclamation of 39 the property in accordance with the provisions of that 40 reclamation plan.

-5- SB 668

(B) The owner shall allow access to the property to any governmental agency or the agent of any company providing financial assurances in connection with the reclamation plan, in order that reclamation can be carried out by the entity or company, in accordance with the provisions of the reclamation plan.

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- (b) Every year, not later than the date established by the director, the person submitting the report pursuant to subdivision (a) shall forward to the lead agency, upon forms furnished by the board, a report that provides all of the information specified in paragraphs (1) to (14) (17), inclusive, of subdivision (a).
- (c) Subsequent reports shall include only changes in the information submitted for the items described in subdivision (a), except that, instead of the approved reclamation plan, the reports shall include any reclamation plan amendments approved during the previous year. The reports shall state whether review of a reclamation plan, financial assurances, or an interim management plan is pending under subdivision (b), (c), (d), or (h) of Section 2770, or whether an appeal before the board or lead agency governing body is pending under subdivision (e) or (h) of Section 2770. The director shall notify the person submitting the report and the owner's designated agent in writing that the report and the fee required pursuant to subdivision (d) have been received, specify the mining operation's mine number if one has not been issued by the Bureau of Mines, and notify the person and agent of any deficiencies in the report within 90 days of receipt. That person or agent shall have 30 days from receipt of the notification to correct the noted deficiencies and forward the revised reports to the director and the lead agency. Any person who fails to comply with this section, or knowingly provides incorrect or false information in reports required by this section, may be subject to an administrative penalty as provided in subdivision (c) of Section 2774.1.
- (d) (1) The board shall impose, by regulation, pursuant to paragraph (2), an annual reporting fee on, and method for collecting annual fees from, each active or idle mining operation. The maximum fee for any single mining operation may not exceed four thousand dollars (\$4,000) annually and may not be less than one hundred dollars (\$100) annually, as adjusted for the cost of living as measured by the California Consumer Price

SB 668 -6 -

Index for all urban consumers, calendar year averages, using the percentage change in the previous year, beginning with the 2005–06 fiscal year and annually thereafter.

- (2) (A) The board shall adopt, by regulation, a schedule of fees authorized under paragraph (1) to cover the department's cost in carrying out this section and Chapter 9 (commencing with Section 2710), as reflected in the Governor's Budget, and may adopt those regulations as emergency regulations. In establishing the schedule of fees to be paid by each active and idle mining operation, the fees shall be calculated on an equitable basis reflecting the size and type of operation. The board shall also consider the total assessed value of the mining operation, the acreage disturbed by mining activities, and the acreage subject to the reclamation plan.
- (B) Regulations adopted pursuant to this subdivision shall be adopted by the board in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of any emergency regulations pursuant to this subdivision shall be considered necessary to address an emergency and shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health, safety, and general welfare.
- (3) The total revenue generated by the reporting fees may not exceed, and may be less than, the amount of three million five hundred thousand dollars (\$3,500,000), as adjusted for the cost of living as measured by the California Consumer Price Index for all urban consumers, calendar year averages, using the percentage change in the previous year, beginning with the 2005–06 fiscal year and annually thereafter. If the director determines that the revenue collected during the preceding fiscal year was greater or less than the cost to operate the program, the board shall adjust the fees to compensate for the overcollection or undercollection of revenues.
- (4) (A) The reporting fees established pursuant to this subdivision shall be deposited in the Mine Reclamation Account, which is hereby created. Any fees, penalties, interest, fines, or charges collected by the director or board pursuant to this chapter or Chapter 9 (commencing with Section 2710) shall be deposited in the Mine Reclamation Account. The money in the account

\_7\_ SB 668

shall be available to the department and board, upon appropriation by the Legislature, for the purpose of carrying out this section and complying with Chapter 9 (commencing with Section 2710), which includes, but is not limited to, classification and designation of areas with mineral resources of statewide or regional significance, reclamation plan and financial assurance review, mine inspection, and enforcement.

- (B) In addition to reporting fees, the board shall collect five dollars (\$5) per ounce of gold and ten cents (\$0.10) per ounce of silver mined within the state and shall deposit the fees collected in the Abandoned Mine Reclamation and Minerals Fund Subaccount, which is hereby created in the Mine Reclamation Account. The department may expend the moneys in the subaccount, upon appropriation by the Legislature, for only the purposes of Sections 2796.5 and 2797.
- (5) In case of late payment of the reporting fee, a penalty of not less than one hundred dollars (\$100) or 10 percent of the amount due, whichever is greater, plus interest at the rate of 1½ percent per month, computed from the delinquent date of the assessment until and including the date of payment, shall be assessed. New mining operations that have not submitted a report shall submit a report prior to commencement of operations. The new operation shall submit its fee according to the reasonable fee schedule adopted by the board, and the month that the report is received shall become that operation's anniversary month.
- (e) The lead agency, or the board when acting as the lead agency, may impose a fee upon each mining operation to cover the reasonable costs incurred in implementing this chapter and Chapter 9 (commencing with Section 2710).
- (f) For purposes of this section, "mineral interest" means a legal interest in the minerals, as defined in Section 2005, that are on the surface of or under the surface of the land of the mining operation.

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(g) For purposes of this section, "mining operation" has the same meaning as means a mining operation of any kind or character whatever in this state, including, but not limited to, a mining operation that is classified as a "surface mining operation" as defined in Section 2735, unless excepted by Section 2714. For the purposes of fee collections only, "mining

SB 668 —8—

operation" may include one or more mines operated by a single operator or mining company on one or more sites, if the total annual combined mineral production for all sites is less than 100 troy ounces for precious metals, if precious metals are the primary mineral commodity produced, or less than 100,000 short tons if the primary mineral commodity produced is not precious metals.

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- (h) Any information in reports submitted pursuant to subdivision (a) that includes or otherwise indicates the total mineral production, reserves, or rate of depletion of any mining operation may not be disclosed to any member of the public, as defined in subdivision (g) (b) of Section 6252 of the Government Code. Other portions of the reports are public records unless excepted by statute. Statistical bulletins based on these reports and published under Section 2205 shall be compiled to show, for the state as a whole and separately for each lead agency, the total of each mineral produced therein. In order not to disclose the production, reserves, or rate of depletion from any identifiable mining operation, no production figure shall be published or otherwise disclosed unless that figure is the aggregated production of not less than three mining operations. If the production figure for any lead agency would disclose the production, reserves, or rate of depletion of less than three mining operations or otherwise permit the reasonable inference of the production, reserves, or rate of depletion of any identifiable mining operation, that figure shall be combined with the same figure of not less than two other lead agencies without regard to the location of the lead agencies. The bulletin shall be published annually by June 30 or as soon thereafter as practicable.
- (i) The approval of a form by the board pursuant to this section is not the adoption of a regulation for purposes of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code and is not subject to that chapter.
- 37 SEC. 2. Section 2715 of the Public Resources Code is amended to read:
  - 2715. No provision of this chapter or any ruling, requirement, or policy of the board is a limitation on any of the following:

-9- SB 668

(a) On the police power of any city or county or on the power of any city or county to declare, prohibit, and abate nuisances.

- (b) On the power of the Attorney General, at the request of the board, or upon his own motion, to bring an action in the name of the people of the State of California to enjoin any pollution or nuisance.
- (c) On the power of any state agency in the enforcement or administration of any provision of law which it is specifically authorized or required to enforce or administer.
- (d) On the right of any person to maintain at any time any appropriate action for relief against any private nuisance as defined in Part 3 (commencing with Section 3479) of Division 4 of the Civil Code or for any other private relief.
- (e) On the power of any lead agency to adopt policies, standards, or regulations imposing additional requirements on any person if the requirements do not prevent the person from complying with the provisions of this chapter.
- (f) On(1) Except as provided in paragraph (2), on the power of any city or county to regulate the use of buildings, structures, and land as between industry, business, residences, open space (including agriculture, recreation, the enjoyment of scenic beauty, and the use of natural resources), and other purposes.
- (2) Paragraph (1) does not apply to land designated as an area of regional significance or an area of statewide significance, as defined in Section 2726 or 2727, respectively.
- SEC. 3. Section 2731 of the Public Resources Code is repealed.
- 2731. "Operator" means any person who is engaged in surface mining operations, himself, or who contracts with others to conduct operations on his behalf, except a person who is engaged in surface mining operations as an employee with wages as his sole compensation.
- SEC. 4. Section 2731 is added to the Public Resources Code, to read:
- 2731. (a) "Operator" means a person or entity performing the primary mining activity on the mined lands.
  - (b) "Operator" includes both of the following:
- (1) A person or entity excavating or processing ore or minerals on or taken from the mined lands, whether done directly or under a contract with a third party.

SB 668 — 10 —

(2) The direct or indirect parent company of the operator.

- (c) If an operator defaults in its obligations to reclaim the mined lands, as set forth in any applicable reclamation plan, the owner of the fee and the owner of the mineral interests, if separate from the owner of the fee, shall succeed to all the obligations of the operator to complete the reclamation of the mined lands, and under those conditions, the owner shall be considered an "operator" for purposes of this chapter.
- 9 SEC. 5. Section 2731.5 is added to the Public Resources 10 Code, to read:
  - 2731.5. "Owner" means both of the following:
  - (a) The fee owner of the mined lands.
  - (b) The owner of the mineral interests in the mined lands if the interest is separated from ownership of the fee, unless the fee interest is owned by a governmental agency.
  - SEC. 6. Section 2761 of the Public Resources Code is amended to read:
  - 2761. (a) On or before January 1, 1977, and, as a minimum, after the completion of each decennial census, the Office of Planning and Research shall identify portions of the following areas within the state which that are urbanized or are subject to urban expansion or other irreversible land uses which that would preclude mineral extraction:
  - (1) Standard metropolitan statistical areas and such other areas for which information is readily available.
    - (2) Other areas as may be requested by the board.
  - (b) In accordance with a time schedule, and based upon guidelines adopted by the board, the State Geologist shall classify, on the basis solely of geologic factors, and without regard to existing land use and land ownership, the areas identified by the Office of Planning and Research, any area for which classification has been requested by a petition which has been accepted by the board, or any other areas as may be specified by the board, as one of the following:
  - (1) Areas containing little or no mineral deposits An area that contains deposits of minerals and that is not of regional or statewide significance.
  - (2) Areas containing significant mineral deposits An area that contains mineral deposits and this is either of regional or statewide significance.

-11- SB 668

- (3) Areas containing mineral deposits, the significance of which requires further evaluation.
- (c) The State Geologist shall require the petitioner to pay the reasonable costs of classifying an area for which classification has been requested by the petitioner.

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- (d) The State Geologist shall transmit the information to the board for incorporation into the state policy and for transmittal to lead agencies.
- SEC. 7. Section 2763 of the Public Resources Code is amended to read:
- 2763. (a) If an area is designated by the board as an area of regional significance, and the lead agency either has designated that area in its general plan as having important minerals to be protected pursuant to subdivision (a) of Section 2762, or otherwise has not yet acted pursuant to subdivision (a) of Section 2762, then prior to permitting a use-which that would threaten the potential to extract minerals in that area, the lead agency shall prepare a statement specifying its reasons for permitting the proposed use, in accordance with the requirements set forth in subdivision (d) of Section 2762. Lead agency land use decisions involving areas designated as being of regional significance shall be in accordance with the lead agency's mineral resource management policies and shall also, in balancing mineral values against alternative land uses, consider the importance of these minerals to their market region as a whole and not just their importance to the lead agency's area of jurisdiction.
- (b) If an area is designated by the board as an area of statewide significance, and the lead agency either has designated that area in its general plan as having important minerals to be protected pursuant to subdivision (a) of Section 2762, or otherwise has not yet acted pursuant to subdivision (a) of Section 2762, then prior to permitting a use which would threaten the potential to extract minerals in that area, the lead agency shall prepare a statement specifying its reasons for permitting the proposed use, in accordance with the requirements set forth in subdivision (d) of Section 2762. Lead agency land use decisions involving areas designated as being of statewide significance shall be in accordance with the lead agency's mineral resource management policies and shall also, in balancing mineral values against

SB 668 — 12 —

alternative land uses, consider the importance of the mineral resources to the state and nation as a whole.

- (c) If an area is designated by the State Geologist or the board as an area that contains mineral deposits and is an area of regional or statewide significance, a city or county shall not, in either its general plan, or in its resource management plan, allow the area to be used for, or permit a use, that is inconsistent with the exploitation or development of that area for mineral excavation and production, until commercial production of that area is completed. If exploitation or development is completed on a part of that area, and that part has been reclaimed pursuant to its approved reclamation plan, the city or county may allow that part to be utilized for a use not involving mineral exploitation or development, if mineral exploitation or development is allowed on the remainder of the designated area.
- SEC. 8. Section 10295.5 of the Public Contract Code is amended to read:
- 10295.5. (a) Notwithstanding any other provision of law, no state agency shall acquire or utilize sand, gravel, aggregates, or other minerals produced from a surface mining operation subject to the Surface Mining and Reclamation Act of 1975 (Chapter 9 (commencing with Section 2710) of Division 2 of the Public Resources Code), unless the operation is identified in the list published pursuant to subdivision (b) of Section 2717 of the Public Resources Code as having either of the following:
- (1) An approved reclamation plan and financial assurances covering the affected surface mining operation.
- (2) An appeal pending before the State Mining and Geology Board pursuant to subdivision (e) of Section 2770 of the Public Resources Code with respect to the reclamation plan or financial assurances.
- (b) The department shall revise its procedures and specifications for the acquisition of sand, gravel, aggregates, and other minerals to ensure maximum compliance with this section.(1) The owner or operator of a mining operation, and the owner of a mineral interest in a mining operation, shall forward a report to the Director of Conservation annually, not later than a date established by the director, upon forms furnished approved by the State Mining and Geology Board from time to time, that includes a written acknowledgment by the owner of the

-13- SB 668

1 fee on which the mining operation is located, and the owner of 2 the mineral interest in the property if other than the fee owner or 3 operator, that the owner is aware of, and approves of, any 4 reclamation plan the operator of the mining operation on the 5 property has proposed for or has obtained approval of for the 6 property, and agrees that if the operator defaults under its 7 reclamation obligations of that reclamation plan, the owner is 8 subject to both of the following:

(A) The owner is responsible for completing reclamation of the property in accordance with the provisions of that reclamation plan.

- (B) The owner shall allow access to the property to any governmental agency or the agent of any company providing financial assurances in connection with the reclamation plan, in order that reclamation can be carried out by the entity or company, in accordance with the provisions of the reclamation plan.
- (2) The approval of a form by the State Mining and Geology Board pursuant to this subdivision is not the adoption of a regulation for purposes of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code and is not subject to that chapter.
- (3) For purposes of paragraph (1), "mining operation" has the same meaning as defined in subdivision (g) of Section 2207 of the Public Resources Code.
- (c) For purposes of this section, "minerals" means any naturally occurring chemical element or compound, or groups of elements and compounds, formed from inorganic processes and organic substances, including, but not limited to, coal, peat, and bituminous rock, but excluding geothermal resources, natural gas, and petroleum.
- (d) The requirements of this section shall apply to mining operations on federal lands or Indian lands that are subject to the Surface Mining and Reclamation Act of 1975 (Chapter 9 (commencing with Section 2710) of Division 2 of the Public Resources Code) pursuant to a memorandum of understanding between the Department of Conservation and the federal agency having jurisdiction over the lands.
- 39 SEC. 9. Section 20676 of the Public Contract Code is 40 repealed.

SB 668 —14—

20676. Operators of surface mines in this state, whose operations are not identified in the list published pursuant to subdivision (b) of Section 2717 of the Public Resources Code, may not sell that California mined material to a local agency.

SEC. 10. Section 20676 is added to the Public Contract Code, to read:

20676. A contractor or a mining operator shall not sell any minerals, as defined in subdivision (c) of Section 10295.5, to a local agency, unless the contractor or mining operator certifies, under penalty of perjury, that the minerals are from a mining operation identified in the list published pursuant to subdivision (b) of Section 2717 of the Public Resources Code.

SEC. 11. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.